

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)

Street Address

City

State

ZIP  
Code

Accountant Signature

Date

HARTLAND TOWNSHIP

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED MARCH 31, 2005

## **HARTLAND TOWNSHIP**

### **TOWNSHIP OFFICIALS**

Supervisor - Donald Rhodes  
Clerk - Ann Ulrich  
Treasurer - Kathleen Horning

### **TOWNSHIP BOARD**

Joseph Colainne  
Kathleen Horning  
Bill Fountain  
Larry Hopkins  
Donald Rhodes  
Ann Ulrich  
Joseph Petrucci

### **TOWNSHIP ATTORNEY**

Foster, Swift, Collins & Smith, P.C.

### **TOWNSHIP AUDITORS**

Pfeffer, Hanniford & Palka  
Certified Public Accountants

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**PFEFFER • HANNIFORD • PALKA**  
Certified Public Accountants

**John M. Pfeffer, C.P.A.**  
**Patrick M. Hanniford, C.P.A.**  
**Kenneth J. Palka, C.P.A.**

Members:  
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MACPA

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**(810) 229-5550**  
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June 22, 2005

Board of Trustees  
Hartland Township  
3191 Hartland Road  
Hartland, Michigan 48029

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hartland Township, as of and for the year ended March 31, 2005, which collectively comprise the Hartland Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hartland Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hartland Township, as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of March 31, 2005.

The Management's Discussion and Analysis and other required supplementary information on pages 8 through 14 and 48 through 49 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hartland Township's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining and individual fund statements, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Pfeffer, Hanniford & Palka, P.C.*

PFEFFER, HANNIFORD & PALKA  
Certified Public Accountants

MANAGEMENT DISCUSSION  
AND  
ANALYSIS



## Management Discussion and Analysis

### March 31, 2005

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Within this section of Hartland Township's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended March 31, 2005. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

#### Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

#### ***Government-wide Financial Statements***

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and revenue sharing, and from the business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include such activities as general government, public safety, and planning and zoning departments. Business-type activities include water & sewer system operations. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

### ***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Township has three kinds of funds:

*Governmental funds* are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of available resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

*Proprietary funds* are reported in the fund financial statements and are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

*Fiduciary funds* are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

### ***Notes to the financial statements***

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

### ***Other information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and statements for individual fund activity are presented in a subsequent section of this report.

### The Township as a Whole - Government-Wide Financial Analysis

The Township has implemented the new financial reporting model used in this report beginning with the current fiscal year ended March 31, 2005. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Township as a whole.

The Township's net assets at the end of the fiscal year was \$30,714,486. This is an \$1,900,761 decrease over last year's net assets of \$32,615,247.

The following tables provide a summary of the Township's financial activities and changes in net assets:

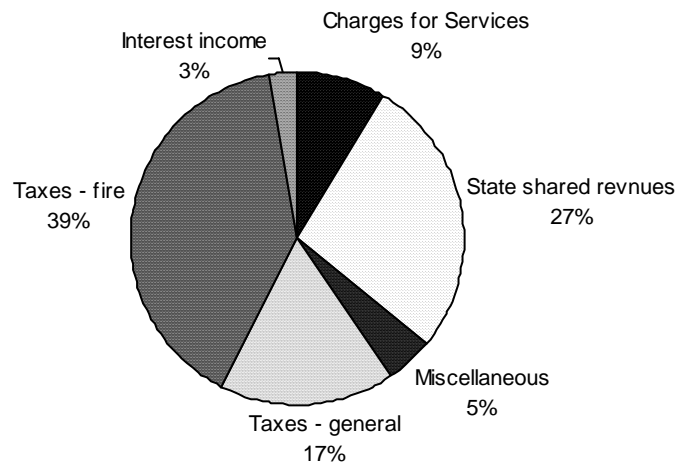
#### **Summary of Net Assets**

	Governmental Activities	Business- Type Activities	Total
Current and other assets	\$ 5,322,671	\$ 21,441,929	\$ 26,764,600
Capital assets	3,331,301	20,062,901	23,394,202
Total assets	8,653,972	41,504,830	50,158,802
Other liabilities	183,886	287,920	471,806
Deferred revenues	1,373,549	17,598,961	18,972,510
Total liabilities	1,557,435	17,886,881	19,444,316
Net assets			
Invested in capital assets net of related debt	2,017,192	2,463,940	4,481,132
Unrestricted	5,079,345	21,154,009	26,233,354
Total net assets	\$ 7,096,537	\$ 23,617,949	\$ 30,714,486

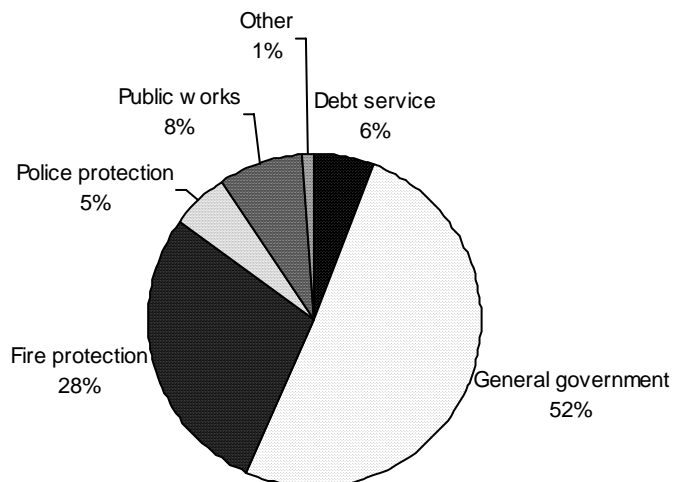
### Summary of Changes in Net Assets

	Governmental Activities	Business- Type Activities	Total
REVENUES			
Program revenues			
Charges for services	\$ 231,009	\$ 724,005	\$ 955,014
Capital contributions		128,000	128,000
General revenues			
State shared revenues	725,028		725,028
Property taxes	1,514,313		1,514,313
Interest income - special assessments		561,330	561,330
Other	207,524	161,610	369,134
Total revenues	<u>2,677,874</u>	<u>1,574,945</u>	<u>4,252,819</u>
EXPENSES			
General government	1,315,683		1,315,683
Public safety	918,095		918,095
Parks and recreation	7,160		7,160
Public works	213,855		213,855
Cemetery	19,421		19,421
Interest on long-term debt	66,661		66,661
Water system		884,454	884,454
Sewer system		2,728,251	2,728,251
Total expenses	<u>2,540,875</u>	<u>3,612,705</u>	<u>6,153,580</u>
Increase (Decrease)	136,999	(2,037,760)	(1,900,761)
Beginning net assets	<u>6,959,538</u>	<u>25,655,709</u>	<u>32,615,247</u>
Ending net assets	<u>\$ 7,096,537</u>	<u>\$ 23,617,949</u>	<u>\$ 30,714,486</u>

## Governmental Revenues



## Governmental Expenditures



The overall financial status of the governmental funds improved by an increase of net assets of \$136,999 for the year ended March 31, 2005.

The business-type funds decreased its net assets by \$2,037,760 for the year ended March 31, 2005. The substantial decrease in net assets is the result of expansion costs of the sewer system of \$1,738,398.

#### Financial Analysis of the Township's Funds

The Township has determined it had two major governmental funds for the year ended March 31, 2005. These funds are the General Fund and the Fire Operating Fund.

The General Fund's fund balance decreased \$85,585 from the prior year to bring its fund balance down to \$1,554,373. The decrease can be primarily attributed to decreasing state shared revenues and transfers out to the cemetery fund.

The other major governmental fund, the Fire Operating Fund increased its fund balance by \$200,700 from the prior year to bring its fund balance up to \$1,460,701. This increase can be primarily attributed to an increasing tax base.

The Township has determined it had two major business-type funds for the year ended March 31, 2005. These funds included the Water System Fund and The Sewage Disposal System Fund.

The Water System Fund decreased its retained earnings by \$133,583 due primarily to a reduction in connection charges. However, this fund had a net cash flow from operations of \$22,112.

The Sewage Disposal System Fund is a system that is currently under an expansion. A total of \$1,738,398 was spent during this year ended on March 31, 2005 for expansion costs.

#### General Fund Budgetary Highlights

The General Fund's budget was adopted prior the start of the fiscal year ended March 31, 2005. However, several amendments were made during the year to bring it closer to economic reality. The General Fund exceeded budgeted appropriations in the planning and zoning and township board activities.

Significant amendments made during the year included: 1) increasing appropriations for legal fees and 2) decreasing the appropriations for road projects and maintenance.

#### Capital Asset and Debt Administration

The Township did not have much capital asset and debt activity for the year ended March 31, 2005.

Governmental fund capital asset activity totaled \$6,389 for miscellaneous equipment. No additional debt was issued by any governmental funds for the year.

Also, the business-type funds did not have any capital asset activity nor was any additional debt issued. Although, a significant amount of money was spent as expansion costs to connect the sewer system to the Genesee County System. These are not capitalizable costs because the township does not own the lines or lift stations. These activities continue to pay down debt related to various expansion/construction projects undertaken in prior years.

### Economic Conditions and Future Activities

The Township is continuing the expansion of its sewer system to connect to the Genesee County System. The bond anticipation note issued to finance this expansion project was replaced by a permanent bond in the next fiscal year.

### Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or to request additional information please contact Hartland Township at 3191 Hartland Road, Hartland, Michigan 48029.

## BASIC FINANCIAL STATEMENTS



GOVERNMENT - WIDE  
FINANCIAL  
STATEMENTS

HARTLAND TOWNSHIP  
STATEMENT OF NET ASSETS  
MARCH 31, 2005

<u>ASSETS</u>	<u>PRIMARY GOVERNMENT</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	
Cash and cash equivalents	\$ 4,620,055	\$ 1,248,275	\$ 5,868,330
Cash and cash equivalents - restricted		7,938,594	7,938,594
Receivables			
Taxes	102,622		102,622
State shared revenues	112,895		112,895
Special assessments		11,378,927	11,378,927
Interest	425	576	1,001
Accounts	20,790	735,240	756,030
Intergovernmental	26,657		26,657
Other	437,547		437,547
Prepaid expenditures	1,680		1,680
Inventory		31,117	31,117
Debt issuance costs, net		109,200	109,200
Capital assets:			
Land	1,160,030	1,547,230	2,707,260
Buildings and improvements	2,824,461		2,824,461
Water and sewer systems		21,606,551	21,606,551
Machinery and equipment	126,105		126,105
Less accumulated depreciation	<u>(779,295)</u>	<u>(3,090,880)</u>	<u>(3,870,175)</u>
Total assets	<u>8,653,972</u>	<u>41,504,830</u>	<u>50,158,802</u>
<u>LIABILITIES</u>			
Accounts payable	151,366	131,486	282,852
Accrued wages/taxes	32,520		32,520
Accrued interest payable		148,940	148,940
Intergovernmental payable		7,494	7,494
Compliance reserve	59,440		59,440
Mortgage payable - current	89,139		89,139
Bonds payable - current		5,333,380	5,333,380
Mortgage payable - long-term	1,224,970		1,224,970
Bonds payable - long-term	<u></u>	<u>12,265,581</u>	<u>12,265,581</u>
Total liabilities	<u>1,557,435</u>	<u>17,886,881</u>	<u>19,444,316</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	2,017,192	2,463,940	4,481,132
Unrestricted	<u>5,079,345</u>	<u>21,154,009</u>	<u>26,233,354</u>
Total net assets	<u>\$ 7,096,537</u>	<u>\$ 23,617,949</u>	<u>\$ 30,714,486</u>

The accompanying notes are an integral part of these financial statements

HARTLAND TOWNSHIP  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Capital Contributions</u>
Governmental activities			
General government	\$ (1,315,683)	\$ 222,922	\$
Fire protection	(7,160)		
Police protection	(137,357)		
Fire protections	(780,738)	4,087	
Cemetery	(19,421)	4,000	
Streetlights	(12,471)		
Road improvements	(201,384)		
Interest on long-term debt	(66,661)		
Total governmental activities	<u>(2,540,875)</u>	<u>231,009</u>	
Business-type activities			
Water system	(884,454)	223,127	82,284
Sewer system	<u>(2,728,251)</u>	<u>500,878</u>	<u>45,716</u>
Total business-type activities	<u>(3,612,705)</u>	<u>724,005</u>	<u>128,000</u>
Total	<u>\$ (6,153,580)</u>	<u>\$ 955,014</u>	<u>\$ 128,000</u>

General revenues  
Property taxes  
State shared revenues  
Interest income  
Rental income  
Other income

Total general revenues

Changes in net assets

Net assets, April 1, 2004

Net assets, March 31, 2005

The accompanying notes are an integral part of these financial statements

Net (Expenses) Revenue and Changes		
Net Assets		
Governmental	Business-	
Activities	type	Total
Activities	Activities	
\$ (1,092,761)	\$	\$ (1,092,761)
(7,160)		(7,160)
(137,357)		(137,357)
(776,651)		(776,651)
(15,421)		(15,421)
(12,471)		(12,471)
(201,384)		(201,384)
(66,661)		(66,661)
<u>(2,309,866)</u>		<u>(2,309,866)</u>
	(579,043)	(579,043)
	<u>(2,181,657)</u>	<u>(2,181,657)</u>
	(2,760,700)	(2,760,700)
<u>(2,309,866)</u>	<u>(2,760,700)</u>	<u>(5,070,566)</u>
1,514,313		1,514,313
725,028		725,028
76,961	672,912	749,873
	50,028	50,028
<u>130,563</u>		<u>130,563</u>
<u>2,446,865</u>	<u>722,940</u>	<u>3,169,805</u>
136,999	(2,037,760)	(1,900,761)
<u>6,959,538</u>	<u>25,655,709</u>	<u>32,615,247</u>
<u>\$ 7,096,537</u>	<u>\$ 23,617,949</u>	<u>\$ 30,714,486</u>

FUND  
FINANCIAL  
STATEMENTS

HARTLAND TOWNSHIP  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2005

	<u>General</u>	<u>Fire Operating</u>	<u>Other Non-major Governmental Funds</u>	<u>Total</u>
<u>ASSETS</u>				
ASSETS				
Cash and cash equivalents	\$ 1,598,076	\$ 970,207	\$ 2,051,772	\$ 4,620,055
Receivables				
Taxes	40,454	62,168		102,622
State shared revenues	112,895			112,895
Accounts			20,790	20,790
Interest		425		425
Due from other funds	26,657			26,657
Due from others	9,380	428,167		437,547
Prepaid expenditures	<u>1,680</u>	<u>                    </u>	<u>                    </u>	<u>1,680</u>
Total assets	<u>\$ 1,789,142</u>	<u>\$ 1,460,967</u>	<u>\$ 2,072,562</u>	<u>\$ 5,322,671</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts payable	\$ 145,951	\$ 266	\$ 5,149	\$ 151,366
Accrued wages and absences	29,378		3,142	32,520
Compliance reserves	<u>59,440</u>	<u>                    </u>	<u>                    </u>	<u>59,440</u>
Total liabilities	<u>234,769</u>	<u>266</u>	<u>8,291</u>	<u>243,326</u>
FUND BALANCE				
Unreserved	<u>1,554,373</u>	<u>1,460,701</u>	<u>2,064,271</u>	<u>5,079,345</u>
Total liabilities and fund balance	<u>\$ 1,789,142</u>	<u>\$ 1,460,967</u>	<u>\$ 2,072,562</u>	<u>\$ 5,322,671</u>

The accompanying notes are an integral part of these financial statements

HARTLAND TOWNSHIP  
RECONCILIATION OF STATEMENT OF NET ASSETS  
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET  
MARCH 31, 2005

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet		\$ 5,079,345
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Historical cost	\$ 4,110,596	
Depreciation	<u>(779,295)</u>	
Capital assets, net of depreciation		3,331,301
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Mortgage payable		<u>(1,314,109)</u>
Net assets of governmental activities		<u>\$ 7,096,537</u>

The accompanying notes are an integral part of these financial statements

HARTLAND TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2005

	General	Fire Operating	Other Non-major Governmental Funds	Total
REVENUES				
Taxes	\$ 451,868	\$ 1,062,445		\$ 1,514,313
Intergovernmental - state	725,028			725,028
Licenses and permits	26,465		5,594	32,059
Franchise fees			81,403	81,403
Charges for services	222,922	4,087	4,000	231,009
Interest	38,469	6,981	31,511	76,961
Miscellaneous	15,883	1,128	90	17,101
Total revenues	<u>1,480,635</u>	<u>1,074,641</u>	<u>122,598</u>	<u>2,677,874</u>
EXPENDITURES				
General government	1,187,848		100,833	1,288,681
Parks and recreation	7,160			7,160
Police protection	137,357			137,357
Fire protection		722,395		722,395
Cemetery			19,421	19,421
Streetlights	12,471			12,471
Road improvements	201,384			201,384
Debt service		151,546		151,546
Total expenditures	<u>1,546,220</u>	<u>873,941</u>	<u>120,254</u>	<u>2,540,415</u>
Excess of revenues over (under) expenditures	(65,585)	200,700	2,344	137,459
OTHER FINANCING SOURCES (USES)				
Transfer in			20,000	20,000
Transfer (out)	(20,000)			(20,000)
Total other financing sources (uses)	<u>(20,000)</u>		<u>20,000</u>	
Excess of revenues over (under) expenditures and other financing sources (uses)	(85,585)	200,700	22,344	137,459
FUND BALANCE, APRIL 1, 2004	<u>1,639,958</u>	<u>1,260,001</u>	<u>2,041,927</u>	<u>4,941,886</u>
FUND BALANCE, MARCH 31, 2005	<u>\$ 1,554,373</u>	<u>\$ 1,460,701</u>	<u>\$ 2,064,271</u>	<u>\$ 5,079,345</u>

The accompanying notes are an integral part of these financial statements



HARTLAND TOWNSHIP  
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED MARCH 31, 2005

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances – governmental funds	\$ 137,459
--	------------

Governmental funds report capital outlay as expenditures. However, In the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The amount by which depreciation exceeded capital outlays is as follows:

Capital outlay	\$ 6,389
Depreciation expense	<u>(91,734)</u>

Total	(85,345)
-------	----------

Repayment of mortgages payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Repayment of:	
Mortgage payable	<u>84,885</u>

Change in net assets of governmental activities	<u>\$ 136,999</u>
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The accompanying notes are an integral part of these financial statements

HARTLAND TOWNSHIP  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
MARCH 31, 2005

	Water System	Sewage Disposal System	Total
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 703,570	\$ 544,705	\$ 1,248,275
Accounts receivable	50,580	684,660	735,240
Interest receivable		576	576
Inventory	31,117		31,117
Total current assets	785,267	1,229,941	2,015,208
Restricted Assets			
Cash and cash equivalents	1,130,788	6,807,806	7,938,594
Special assessments receivable	7,160,631	4,218,296	11,378,927
Debt issuance costs, net	109,200		109,200
Total restricted assets	8,400,619	11,026,102	19,426,721
Capital Assets			
Land	300,000	1,247,230	1,547,230
Water and sewer systems	9,110,267	12,496,284	21,606,551
	9,410,267	13,743,514	23,153,781
Less accumulated depreciation	(689,729)	(2,401,151)	(3,090,880)
Net capital assets	8,720,538	11,342,363	20,062,901
Total assets	17,906,424	23,598,406	41,504,830
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	22,659	108,827	131,486
Accrued interest payable	148,940		148,940
Due to other funds	7,494		7,494
Bonds payable - current portion	450,000	489,190	939,190
Total current liabilities	629,093	598,017	1,227,110
Long-term Liabilities			
Bonds payable - less current portion	7,375,000	9,284,771	16,659,771
Total liabilities	8,004,093	9,882,788	17,886,881
<u>NET ASSETS</u>			
Net Assets			
Invested in capital assets, net of related debt	895,538	1,568,402	2,463,940
Unrestricted	9,006,793	12,147,216	21,154,009
Total net assets	\$ 9,902,331	\$ 13,715,618	\$ 23,617,949

The accompanying notes are an integral part of these financial statements

HARTLAND TOWNSHIP  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED MARCH 31, 2005

	Water System Fund	Sewage Disposal System Fund	Totals
OPERATING REVENUES			
User charges	\$ 166,234	\$ 500,878	\$ 667,112
Connection fees	82,284	45,716	128,000
Meter sales	47,710		47,710
Reimbursements	9,183		9,183
	<u>305,411</u>	<u>546,594</u>	<u>852,005</u>
Total operating revenues			
OPERATING EXPENSES			
Expansion projects		1,738,398	1,738,398
Depreciation	228,209	255,119	483,328
Consulting engineer	105,871	30,995	136,866
Contract services	783	353,717	354,500
Meters	39,787		39,787
Utilities	117		117
Legal fees	5,635	2,635	8,270
Assessments	84,327		84,327
Audit fees	3,400	5,240	8,640
Repairs and maintenance	18,868	56,442	75,310
Supplies and postage	345	1,446	1,791
Miscellaneous	1,560	11,975	13,535
Wages and payroll taxes	29,409	30,781	60,190
	<u>518,311</u>	<u>2,486,748</u>	<u>3,005,059</u>
Total operating expenses			
Operating (loss)	<u>(212,900)</u>	<u>(1,940,154)</u>	<u>(2,153,054)</u>
NON-OPERATING REVENUES AND (EXPENSES)			
Interest income - special assessments	429,911	131,419	561,330
Interest income - cash and cash equivalents	15,549	96,033	111,582
Amortization - bond fees	(6,995)	(838)	(7,833)
Rental and other income		50,028	50,028
Interest expense	(359,148)	(240,665)	(599,813)
	<u>79,317</u>	<u>35,977</u>	<u>115,294</u>
Total non-operating revenues			
Net (loss)	(133,583)	(1,904,177)	(2,037,760)
NET ASSETS AT APRIL 1, 2004	<u>10,035,914</u>	<u>15,619,795</u>	<u>25,655,709</u>
NET ASSETS AT MARCH 31, 2005	<u>\$ 9,902,331</u>	<u>\$13,715,618</u>	<u>\$ 23,617,949</u>

The accompanying notes are an integral part of these financial statements

HARTLAND TOWNSHIP  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED MARCH 31, 2005

	Water System Fund	Sewage Disposal System Fund	Totals
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>			
Cash from users	\$ 304,532	\$ 570,045	\$ 874,577
Cash paid to vendors	(264,891)	(2,193,775)	(2,458,666)
Cash paid to employees	(27,349)	(30,781)	(58,130)
Other cash payments	(275)		(275)
Other cash receipts	9,183	50,028	59,211
Cash received from other funds	<u>912</u>		<u>912</u>
Net cash from (used in) operating activities	<u>22,112</u>	<u>(1,604,483)</u>	<u>(1,582,371)</u>
<b>CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Construction costs to be reimbursed		(134,673)	(134,673)
Special assessment collections	502,382	445,119	947,501
Interest received on assessments	429,911	131,419	561,330
Repayment of principal on bonds	(450,000)	(593,380)	(1,043,380)
Interest paid on bonds	(367,588)	(240,665)	(608,253)
Bond fees paid		<u>(838)</u>	<u>(838)</u>
Net cash from (used in) capital and related financing activities	<u>114,705</u>	<u>(393,018)</u>	<u>(278,313)</u>
<b>CASH FLOWS FORM INVESTING ACTIVITIES</b>			
Interest income	<u>15,549</u>	<u>124,726</u>	<u>140,275</u>
Net increase (decrease) in cash	152,366	(1,872,775)	(1,720,409)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>1,681,992</u>	<u>9,225,286</u>	<u>10,907,278</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 1,834,358</u>	<u>\$ 7,352,511</u>	<u>\$ 9,186,869</u>

HARTLAND TOWNSHIP  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS - continued  
FOR THE YEAR ENDED MARCH 31, 2005

	Water System Fund	Sewage Disposal System Fund	Totals
	<u>          </u>	<u>          </u>	<u>          </u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH FROM (USED IN) OPERATING ACTIVITIES			
Operating (loss)	\$ (212,900)	\$ (1,940,154)	\$ (2,153,054)
Adjustments to reconcile operating (loss) to net cash from (used in) operating activities			
Depreciation	228,209	255,119	483,328
Miscellaneous income		50,028	50,028
Other expenses	(275)		(275)
Changes in assets and liabilities:			
Decrease in accounts receivable	8,304	23,451	31,755
Decrease in due from other funds	912		912
(Increase) in inventory	(11,009)		(11,009)
Increase in accounts payable	1,413	7,073	8,486
Increase in due to other funds	<u>7,458</u>	<u>          </u>	<u>7,458</u>
Total adjustments	<u>235,012</u>	<u>335,671</u>	<u>570,683</u>
Net cash from (used in) operating activities	<u>\$ 22,112</u>	<u>\$ (1,604,483)</u>	<u>\$ (1,582,371)</u>

HARTLAND TOWNSHIP  
STATEMENT OF ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
MARCH 31, 2005

ASSETS

ASSETS

Cash

\$ 218,349

LIABILITIES

LIABILITIES

Due to other funds

\$ 19,163

Deposits

199,186

Total liabilities

\$ 218,349

NOTES  
TO  
FINANCIAL  
STATEMENTS

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2005

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the Township relating to the funds and account groups included in the accompanying combined financial statements conform to generally accepted accounting principles applicable to state and local governments. The more significant accounting policies of the Township are described below.

**A. BASIC FINANCIAL STATEMENTS**

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.



HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

The Government-Wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for governmental funds and proprietary funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds, are combined in a single column on the fund financial statements.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Operating Fund accounts for property taxes collected for and the related costs to provide fire protection to the Township residents.

The Township reports the following major proprietary funds:

The Sewage Disposal Fund accounts for all the activity associated with the operations and maintenance of operating a sewage treatment system.

The Water System Fund accounts for all the activity associated with the operations and maintenance of operating a water distribution system.

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

**B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, transient occupancy taxes, licenses, fees and permits, intergovernmental revenues, charges for services, fines, forfeits and penalties, and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

The proprietary funds financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary funds financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary funds financial statements.

Enterprise funds account for operations where the intent of the Township is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for any activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges of the activity, or 3) it is the policy of the Township to establish activity fees or charges to recover the cost of providing services, including capital costs.

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Township has elected for proprietary funds not to apply Financial Accounting Standards Board statements issued after November 30, 1989.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs. The Township currently maintains an agency fund to account for the monies collected and paid on behalf of developer's escrow accounts.

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

C. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Real properties are considered capital assets regardless of initial cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	5 to 50 years
Utility plant	5 to 50 years
Machinery and equipment	2 to 40 years
Infrastructure	25 to 75 years

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

D. BUDGETARY DATA

The board of trustees follow the procedures as outlined in the Uniform Budgeting Manual for Local Units of Government in Michigan in the establishment of the various annual budgets.

The supervisor prepares the annual budgets through information received by the clerk. The proposed budget is then submitted for discussion and approved by the entire Township board. The budget is approved by activity rather than line item. If and when it becomes necessary to amend certain amounts in the budget, a proposal outlining the desired changes is made to and approved by the Township board at any of their regular meetings. Budget appropriations made, but not expended by year end, will lapse with the fiscal year end.

For the year ended March 31, 2005, expenditures exceeded appropriations in a couple functional activities.

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

**E. PROPERTY TAXES**

The Township's property taxes are levied and become a lien on each December 1st based on the taxable value of property located in the Township as of the preceding December 31st. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county delinquent tax rolls. The Township recognized the amount levied December 1, 2004 as revenue for the year ended March 31, 2005.

The 2004 taxable valuation of the township totaled \$556,402,044. The delinquent real property taxes of the Township are purchased by Livingston County. The county sells tax notes, the proceeds of which will be used to pay the Township for these property taxes. The county disbursed the delinquent taxes to the Township in June 2004.

The Township levies the following millage:

General Township	0.8105
Fire and fire capital improvements	<u>1.9056</u>
Total millage	<u>2.7161</u>

Michigan personal property tax assessments have been based, since the 1960's, on the use of one or more of several different multiplier tables formulated by the State Tax Commission against taxpayer reported original cost, depending on the assessor's view of the average life of the personal property. The State Tax Commission has indicated that it plans to reformulate the multipliers, with the new multipliers anticipated to become effective for the year 2000. The State Tax Tribunal has informally indicated that once the new multipliers are approved, it may allow them to be applied retroactively in pending personal property tax appeals.

**F. MANAGEMENT'S ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**G. CASH EQUIVALENTS**

For purposes of the statement of cash flows, demand deposits and short-term investments with a maturity date of three months or less when acquired are considered to be cash equivalents.

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

H. RISK MANAGEMENT

The Township is exposed to various risks of loss pertaining to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for these claims. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

I. INVENTORIES AND PREPAID ITEMS

Inventories are valued at cost. Cost is determined using the first-in, first-out method. Inventory consists of expendable supplies held for consumption. Inventories are capitalized under the consumption method, whereby expenditures are capitalized as inventory until used.

J. CAPITALIZATION OF INTEREST

A portion of the interest cost incurred on capital projects is capitalized on assets that require a period of time for construction or to otherwise prepare them for their intended use. Such amounts are amortized over the useful lives of the assets.

K. INCOME TAXES

As a governmental agency, the Township is exempt from both federal income taxes and Michigan Single Business Tax.

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) statement number 39, all funds, agencies, and activities of Hartland Township have been included in the basic financial statements.

The following potential component unit has been evaluated under the criteria established by GASB statement number 39 and determined not be a component unit based upon financial independence and accountability.

HARTLAND, DEERFIELD, TYRONE FIRE AUTHORITY

Hartland Township appoints two members of the Authority's six member board. The Authority is fiscally independent from the Township. The Authority audited as an independent entity in compliance with Public Act. 2.

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2005

**NOTE 3 - CAPITAL ASSETS**

Capital asset activity for the governmental funds for the year ended March 31, 2005 was as follows:

A summary of changes in the governmental fund capital assets follows:

	Balance 4/1/04	Additions	Deletions	Balance 3/31/05
Land	\$ 1,160,030	\$	\$	\$ 1,160,030
Buildings and improvements	2,824,461			2,824,461
Machinery and equipment	<u>119,716</u>	<u>6,389</u>		<u>126,105</u>
Total capital assets	4,104,207	6,389		4,110,596
Accumulated depreciation	<u>(687,561)</u>	<u>(91,734)</u>		<u>(779,295)</u>
Governmental activities capital asset, net	\$ <u>3,416,646</u>	\$ <u>(85,345)</u>	\$	\$ <u>3,331,301</u>

Depreciation expense is being recorded in the government-wide statement of activities based upon the fund and activity utilizing the assets. The Township utilizes the straight line method to depreciate capital assets over their estimated useful lives. There is \$1,314,109 of debt associated with these capital assets.

Depreciation expense was distributed to the various activities as follows:

General government	\$ 33,391
Fire protection	<u>58,343</u>
	<u>\$ 91,734</u>

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2005

**NOTE 3 - CAPITAL ASSETS - (continued)**

A summary of changes in proprietary fixed assets is as follows:

Acquisitions of fixed assets in the Water System Fund and Sewage Disposal Fund, are recorded in their respective asset accounts and annual depreciation, based on the straight-line method over estimated useful life, is charged to current operations.

	Balance 4/1/04	Additions	Deletions	Balance 3/31/05
Land	\$ 1,547,230	\$	\$	\$ 1,547,230
Water system	9,110,267			9,110,267
Sewer System	<u>12,496,284</u>	<u>                    </u>	<u>                    </u>	<u>12,496,284</u>
	23,153,781			23,153,781
Less: accumulated depreciation	<u>(2,607,552)</u>	<u>(483,328)</u>	<u>                    </u>	<u>(3,090,880)</u>
Fixed assets, net of depreciation	<u>\$ 20,546,229</u>	<u>\$ (483,328)</u>	<u>\$</u>	<u>\$ 20,062,901</u>

**NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables exist at March 31, 2005. These represent short-term borrowings and amounts owed for reimbursements between other funds. The total interfund receivable and payable balance at March 31, 2005 is \$26,657.

	Interfund Receivable	Interfund Payable
General Fund	\$ 26,657	\$
Fire Fund		
Water Fund		7,494
Sewer Fund		
Other Non-major Funds	<u>                    </u>	<u>19,163</u>
	<u>\$ 26,657</u>	<u>\$ 26,657</u>



HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2005

**NOTE 5 - GOVERNMENTAL FUND - LONG-TERM DEBT**

A summary of the Townships governmental fund long-term debt as of March 31, 2005, and transactions during the year then ended follows:

	<u>Balance 4/1/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/05</u>
Fire Hall Mortgage Payable	<u>\$ 1,398,994</u>	<u>\$</u>	<u>\$ 84,885</u>	<u>\$ 1,314,109</u>

**Mortgage Payable**

- On August 28, 2001, the Township received a \$1,600,000 mortgage loan for the expansion of the fire hall. The mortgage matures in July 2016 and requires monthly payments of principal and interest. As of March 31, 2005, the outstanding balance was \$1,314,109 with an interest rate fixed at 4.9% to maturity.

The following is a schedule of principal and interest payments to service the long-term mortgage obligations of the Township for the governmental funds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005 - 2006	\$ 89,139	\$ 62,408	\$ 151,547
2006 - 2007	93,607	57,940	151,547
2007 - 2008	98,298	53,249	151,547
2008 - 2009	103,224	48,323	151,547
2009 - 2010	108,397	43,150	151,547
2010 - 2015	629,126	128,609	757,735
2015 - 2020	<u>192,318</u>	<u>6,637</u>	<u>198,955</u>
	<u>\$ 1,314,109</u>	<u>\$ 400,316</u>	<u>\$ 1,714,425</u>

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 6 - PROPRIETARY FUNDS - BONDS PAYABLE

The following is a summary of the Townships debt categorized as proprietary for the year ended March 31, 2005:

	Balance 4/1/04	Additions	Deletions	Balance 3/31/05
1. Bonds payable (System No. 1 sanitary drainage district refunding bonds); interest is charged at 3% to 5.4%; proceeds were used to call original bonds issued (1986 series); payable to Livingston County Drain Commission; matures in the year 2004.	\$ 75,000	\$	\$ 75,000	\$
2. Bonds payable (Water System Special Assessment Bonds, Series 2001); interest is charged at 4.5% to 4.6%; payable to Livingston County through the year 2021 with principal payments annually from \$450,000 to \$475,000.	8,275,000		450,000	7,825,000

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 6 - PROPRIETARY FUNDS - BONDS PAYABLE - (continued)

	<u>Balance 4/1/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/05</u>
3. The Township expanded its sewer system into district #2 and connecting branches. Financing was done through bond sales through the Michigan State Revolving Loan Fund Program. The Livingston County Drain Commission signed an agreement with the Township to be the intermediary between the Township and state. Interest is charged at 2.25%. The Township had borrowed a total of \$8,125,055 for the expansion. The debt is set-up as two separate loans to match:				
1. District #2 and				
2. Branches to District #2.				
Thus, there are two separate special assessment districts set-up to repay the debt.				
1. District #2	\$ 3,629,915	\$	\$ 285,000	\$ 3,344,915
2. Branches to #2	<u>1,615,526</u>	<u></u>	<u>125,000</u>	<u>1,490,526</u>
	<u>\$ 5,245,441</u>	<u>\$</u>	<u>\$ 410,000</u>	<u>\$ 4,835,441</u>
The Township makes principal and interest payments to the Livingston County Drain Commission to be paid through the year 2015.				
4. The State of Michigan has discretion as to which costs are eligible to be paid through the revolving loan fund. Thus, for costs that are not eligible to be paid through the SRF program another bond sale was issued by the Livingston County Drain Commission (\$375,000 general obligation bonds). These bonds were issued in the year ending March 31, 1996. Interest is charged at 6%. Principal and interest is payable to the Livingston County Drain Commission to be paid through the year 2015.	255,000		20,000	235,000
5. On September 1, 2003 the Township sold bond anticipation notes to finance the preliminary cost associated with hooking up its residents to the sewer system at Genesee County. Interest is semi-annually at 2.0% with the entire principal balance due on September 1, 2005. The Township anticipates this to be repaid with a bond issue prior to its maturity.	4,350,000			4,350,000

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 6 - PROPRIETARY FUNDS - BONDS PAYABLE - (continued)

6. The Township entered into a land contract December 1, 1998 for the purpose of expanding the sewer treatment plant. Interest is charged at 6%. Principal payments of \$44,190 are made semi-annually with the balance due by December 1, 2008.

	<u>441,900</u>	<u>                    </u>	<u>88,380</u>	<u>353,520</u>
Total proprietary long-term debt	<u>\$ 18,642,341</u>	<u>\$</u>	<u>\$ 1,043,380</u>	<u>\$ 17,598,961</u>

The following is a schedule of principal and interest payments to service the long-term obligations of the Township:

	ENTERPRISE FUNDS	
	<u>Proprietary Long Term Debt</u>	
	<u>Principal</u>	<u>Interest</u>
<u>Year</u>		
2005 - 2006	5,333,380	527,810
2006 - 2007	993,380	448,925
2007 - 2008	1,003,380	413,293
2008 - 2009	1,003,380	377,416
2009 - 2010	925,000	344,013
2010 - 2015	4,400,000	1,235,305
2015 - 2020	2,990,441	461,463
2020 - 2022	<u>950,000</u>	<u>43,700</u>
	<u>\$17,598,961</u>	<u>\$ 3,851,925</u>

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 7 - EMPLOYEE RETIREMENT PLAN

The Township participates in the Manulife Defined Contribution Pension Plan Group No. 60145 for Michigan Township employees. This is a single-employer plan. Substantially all full-time employees, elected officials and trustees are included in the plan. Plan eligibility is a minimum age of 18 and not more than 75. The plan is 75% contributory by the Township and 25% by the employee. For employees with annual compensation of \$3,000 or more, the total annual contribution is \$900. Employees may also make voluntary after tax contributions in amounts ranging from 1% to 10% of compensation. Annual compensation used to determine the current year contribution is as of February 1, preceding the year. Contribution information is as follows:

	<u>Employer</u>	<u>Employee</u>	<u>Total</u>
TOTAL CURRENT YEAR CONTRIBUTIONS	<u>\$ 15,589</u>	<u>\$ 5,771</u>	<u>\$ 21,360</u>
ACCOUNT VALUE AT LAST ANNUAL STATEMENT			<u>\$ 108,109</u>

These balances reflect contributions for the period from February 1, 2004 to January 31, 2005. The current year employer contribution for the year ended March 31, 2005, was \$17,713. Interest has been credited to January 31, 2005.

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2005

**NOTE 8 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The investment policy adopted by the Township in accordance with Act 196 PA 1997 has authorized investments as listed in the state statutory authority listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's deposits and investments are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured	\$ 900,000	\$ 900,000
Uninsured and uncollateralized	<u>13,125,273</u>	<u>10,502,506</u>
Total deposits	<u>\$ 14,025,273</u>	<u>\$ 11,402,506</u>

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2005

**NOTE 9 - CONTINGENCIES**

The Township is involved in various legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial position of the Township.

**NOTE 10 - TRUST AND AGENCY FUND**

The Township maintains the Trust and Agency Fund to account for delinquent personal property taxes and funds held in escrow for developers. Accurate records were not maintained for these escrows accounts and it is expected that a portion of these funds held by the Trust and Agency Fund may be repaid to the General Fund.

**NOTE 11 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The Township maintains two enterprise funds, which provide water and sewer services. Segment information for the year ended March 31, 2005, was as follows:

	Sewer Fund	Water Fund	Total Enterprise Funds
Operating revenues	\$ 546,594	\$ 305,411	\$ 852,005
Depreciation	255,119	228,209	483,328
Operating (loss)	(1,940,154)	(212,900)	(2,153,054)
Non-operating revenues	35,977	79,317	115,294
Net income (loss)	(1,940,177)	(133,583)	(2,073,760)
Total assets	23,598,406	17,906,424	41,504,830
Accounts payable	108,827	22,659	131,486
Net working capital	631,924	606,174	1,238,098
Total equity			
Retained earnings	13,715,618	9,902,331	23,617,949

**NOTE 12 - IMPLEMENTATION OF GASB STATEMENT NO. 34**

The Township has implemented the standards required by GASB Statement No. 34 for the year ended March 31, 2005. All required statements and disclosures have been included in the basic financial statements.

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2005

**NOTE 13 - RECONCILIATION OF FUND FINANCIAL STATEMENTS  
TO GOVERNMENT - WIDE FINANCIAL STATEMENTS**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet		\$ 5,079,345
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Historical cost	\$ 4,110,596	
Depreciation	<u>(779,295)</u>	
Capital assets net of depreciation		3,331,301
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Mortgage payable		<u>(1,314,109)</u>
Net assets of governmental activities		<u>\$ 7,096,537</u>

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances – governmental funds		\$ 137,459
Governmental funds report capital outlay as expenditures. However, In the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The amount by which depreciation exceeded capital outlays is as follows:		
Capital outlay	\$ 6,389	
Depreciation expense	<u>(91,734)</u>	
Total		(85,345)
Repayment of mortgages payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
Repayment of:		
Mortgage payable		<u>84,885</u>
Change in net assets of governmental activities		<u>\$ 136,999</u>



REQUIRED  
SUPPLEMENTARY  
INFORMATION

HARTLAND TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2005

	Budgets			Variance with Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 431,000	\$ 431,000	\$ 451,868	\$ 20,868
Mobile home fees	2,600	2,600	1,967	(633)
Dog licenses	1,000	1,000	1,013	13
Land use permits	17,000	17,000	15,205	(1,795)
Sign permits	5,000	5,000	8,280	3,280
State shared revenues	760,000	760,000	725,028	(34,972)
Tax administration fee	155,000	155,000	172,756	17,756
Zoning fees	27,000	27,000	32,192	5,192
Tax collection fees			14,183	14,183
Interest	35,000	35,000	38,469	3,469
Board of appeals fees	8,300	8,300	3,791	(4,509)
Other revenues	22,000	22,000	15,883	(6,117)
Total revenues	<u>1,463,900</u>	<u>1,463,900</u>	<u>1,480,635</u>	<u>16,735</u>
EXPENDITURES	<u>2,419,592</u>	<u>2,355,630</u>	<u>1,546,220</u>	<u>809,410</u>
Excess of revenues over (under) expenditures	(955,692)	(891,730)	(65,585)	826,145
OTHER FINANCING (USES)				
Transfers (out)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(20,000)</u>	<u>5,000</u>
Excess of revenues over (under) expenditures and other financing (uses)	(980,692)	(916,730)	(85,585)	831,145
FUND BALANCE, APRIL 1, 2004	<u>1,639,958</u>	<u>1,639,958</u>	<u>1,639,958</u>	
FUND BALANCE, MARCH 31, 2005	<u>\$ 659,266</u>	<u>\$ 723,228</u>	<u>\$ 1,554,373</u>	<u>\$ 831,145</u>

HARTLAND TOWNSHIP  
FIRE OPERATING FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2005

	Budgets			Variance with Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 746,027	\$ 746,027	\$ 1,062,445	\$ 316,418
Interest	1,839	1,839	6,981	5,142
Fire runs			4,087	4,087
Other revenues	<u>128,749</u>	<u>128,749</u>	<u>1,128</u>	<u>(127,621)</u>
Total revenues	<u>876,615</u>	<u>876,615</u>	<u>1,074,641</u>	<u>198,026</u>
EXPENDITURES				
Contributions to authority	715,476	715,476	715,476	
Debt service	126,289	126,289	151,546	(25,257)
Other expenditures	<u>5,576</u>	<u>5,576</u>	<u>6,919</u>	<u>(1,343)</u>
Total expenditures	<u>847,341</u>	<u>847,341</u>	<u>873,941</u>	<u>(26,600)</u>
Excess of revenues over expenditures	29,274	29,274	200,700	171,426
FUND BALANCE, APRIL 1, 2004	<u>1,260,001</u>	<u>1,260,001</u>	<u>1,260,001</u>	
FUND BALANCE, MARCH 31, 2005	<u>\$ 1,289,275</u>	<u>\$ 1,289,275</u>	<u>\$ 1,460,701</u>	<u>\$ 171,426</u>

SUPPLEMENTARY  
INFORMATION

COMBINING  
FINANCIAL  
STATEMENTS

HARTLAND TOWNSHIP  
COMBINING BALANCE SHEET  
ALL SPECIAL REVENUE FUNDS  
MARCH 31, 2005

	<u>Liquor Law Enforcement</u>	<u>Fire Operating</u>	<u>Township Improvement Revolving</u>
<u>ASSETS</u>			
ASSETS			
Cash	\$ 18,889	\$ 970,207	\$ 945,273
Taxes receivable		62,168	
Special assessment/fees receivable	<u>                    </u>	<u>428,592</u>	<u>                    </u>
Total assets	<u>\$ 18,889</u>	<u>\$ 1,460,967</u>	<u>\$ 945,273</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Accounts payable	\$	\$ 266	\$
Accrued payroll/compensated absences			
Payroll taxes payable	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities		266	
FUND BALANCE	<u>18,889</u>	<u>1,460,701</u>	<u>945,273</u>
Total liabilities and fund balance	<u>\$ 18,889</u>	<u>\$ 1,460,967</u>	<u>\$ 945,273</u>

<u>Cable Television</u>	<u>Cemetery</u>	<u>Totals</u>
\$ 264,378	\$ 114,702	\$ 2,313,449
		62,168
<u>20,790</u>	<u>                    </u>	<u>449,382</u>
<u>\$ 285,168</u>	<u>\$ 114,702</u>	<u>\$ 2,824,999</u>

\$ 5,050	\$ 99	\$ 5,415
2,996		2,996
<u>146</u>	<u>                    </u>	<u>146</u>
8,192	99	8,557
<u>276,976</u>	<u>114,603</u>	<u>2,816,442</u>
<u>\$ 285,168</u>	<u>\$ 114,702</u>	<u>\$2,824,999</u>

HARTLAND TOWNSHIP  
COMBINING BALANCE SHEET  
ALL ENTERPRISE FUNDS  
MARCH 31, 2005

	Water System Fund	Sewage Disposal System Fund	Totals
<u>ASSETS</u>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 703,570	\$ 544,705	\$ 1,248,275
Accounts receivable	50,580	684,660	735,240
Inventory	31,117		31,117
Interest receivable		576	576
	<u>785,267</u>	<u>1,229,941</u>	<u>2,015,208</u>
Total current assets			
	<u>785,267</u>	<u>1,229,941</u>	<u>2,015,208</u>
 <b>RESTRICTED ASSETS</b>			
Cash and cash equivalents	1,130,788	6,807,806	7,938,594
Special assessments receivable	7,160,631	4,218,296	11,378,927
Debt issuance costs, net	109,200		109,200
	<u>8,400,619</u>	<u>11,026,102</u>	<u>19,426,721</u>
Total restricted assets			
	<u>8,400,619</u>	<u>11,026,102</u>	<u>19,426,721</u>
 <b>PROPERTY, PLANT AND EQUIPMENT</b>			
Land	300,000	1,247,230	1,547,230
Water/sewer system	9,110,267	12,496,284	21,606,551
	<u>9,410,267</u>	<u>13,743,514</u>	<u>23,153,781</u>
Less accumulated depreciation	689,729	2,401,151	3,090,880
	<u>8,720,538</u>	<u>11,342,363</u>	<u>20,062,901</u>
Net property, plant and equipment			
	<u>8,720,538</u>	<u>11,342,363</u>	<u>20,062,901</u>
 <b>Total assets</b>			
	<u>\$ 17,906,424</u>	<u>\$ 23,598,406</u>	<u>\$ 41,504,830</u>



	Water System Fund	Sewage Disposal System Fund	Totals
<u>LIABILITIES AND FUND EQUITY</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 22,659	\$ 108,827	\$ 131,486
Accrued interest payable	148,940		148,940
Due to other funds	7,494		7,494
Land contract payable - current portion		44,190	44,190
Total current liabilities	<u>179,093</u>	<u>153,017</u>	<u>332,110</u>
CURRENT LIABILITIES (from restricted assets)			
Bonds payable	450,000		450,000
Contract payable - LCDC - ineligible costs		20,000	20,000
Contract payable - LCDC - sewer expansion		425,000	425,000
Total current liabilities (from restricted assets)	<u>450,000</u>	<u>445,000</u>	<u>895,000</u>
LONG-TERM LIABILITIES (from restricted assets)			
Bonds payable	7,375,000	4,350,000	11,725,000
Contract payable - LCDC - ineligible costs		215,000	215,000
Contract payable - LCDC - sewer expansion		4,410,441	4,410,441
Total long-term liabilities (from restricted assets)	<u>7,375,000</u>	<u>8,975,441</u>	<u>16,350,441</u>
LONG-TERM LIABILITY			
Land contract payable		309,330	309,330
Total liabilities	<u>8,004,093</u>	<u>9,882,788</u>	<u>17,886,881</u>
FUND EQUITY			
Retained earnings	<u>9,902,331</u>	<u>13,715,618</u>	<u>23,617,949</u>
Total liabilities and fund equity	<u>\$ 17,906,424</u>	<u>\$ 23,598,406</u>	<u>\$ 41,504,830</u>

HARTLAND TOWNSHIP  
COMBINING BALANCE SHEET  
ALL AGENCY FUNDS  
MARCH 31, 2005

	<u>Current Tax Collection</u>	<u>Trust and Agency</u>	<u>Totals</u>
ASSET			
Cash	<u>\$    15,628</u>	<u>\$   202,721</u>	<u>\$   218,349</u>
LIABILITIES			
Due to other funds	\$    15,628	\$      3,535	\$    19,163
Deposits	<u>                    </u>	<u>199,186</u>	<u>199,186</u>
Total liabilities	<u>\$    15,628</u>	<u>\$   202,721</u>	<u>\$   218,349</u>

HARTLAND TOWNSHIP  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Liquor Law Enforcement</u>	<u>Fire Operating</u>	<u>Township Improvement Revolving</u>
REVENUES			
Property taxes and assessments	\$	\$ 1,062,445	\$
Licenses and permits	5,594		
Charges for services		4,087	
Interest	216	6,981	15,349
Miscellaneous		<u>1,128</u>	
Total revenues	<u>5,810</u>	<u>1,074,641</u>	<u>15,349</u>
EXPENDITURES			
Public safety		722,395	
Salaries and fees	1,830		
Small equipment			
Taxes - payroll	141		
Miscellaneous			
Debt service		<u>151,546</u>	
Total expenditures	<u>1,971</u>	<u>873,941</u>	
Excess of revenues over (under) expenditures	3,839	200,700	15,349
OTHER FINANCING SOURCES			
Transfer in			
Excess of revenues over (under) expenditures and other financing sources	3,839	200,700	15,349
FUND BALANCE, APRIL 1, 2004	<u>15,050</u>	<u>1,260,001</u>	<u>929,924</u>
FUND BALANCE, MARCH 31, 2005	<u>\$ 18,889</u>	<u>\$ 1,460,701</u>	<u>\$ 945,273</u>

<u>Cable Television</u>	<u>Cemetery</u>	<u>Totals</u>
\$	\$	\$ 1,062,445
		5,594
81,403	4,000	89,490
4,740	1,394	28,680
<u>90</u>		<u>1,218</u>
<u>86,233</u>	<u>5,394</u>	<u>1,187,427</u>
		722,395
72,291	297	74,418
1,856		1,856
5,522		5,663
19,193	19,124	38,317
		<u>151,546</u>
<u>98,862</u>	<u>19,421</u>	<u>994,195</u>
(12,629)	(14,027)	193,232
	<u>20,000</u>	<u>20,000</u>
(12,629)	5,973	213,232
<u>289,605</u>	<u>108,630</u>	<u>2,603,210</u>
<u>\$ 276,976</u>	<u>\$ 114,603</u>	<u>\$ 2,816,442</u>

HARTLAND TOWNSHIP  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN RETAINED EARNINGS  
ALL ENTERPRISE FUNDS  
FOR THE YEAR ENDED MARCH 31, 2005

	Water System Fund	Sewage Disposal System Fund	Totals
OPERATING REVENUES			
User charges	\$ 166,234	\$ 500,878	\$ 667,112
Connection fees	82,284	45,716	128,000
Meter sales	47,710		47,710
Reimbursements	<u>9,183</u>		<u>9,183</u>
Total operating revenues	<u>305,411</u>	<u>546,594</u>	<u>852,005</u>
OPERATING EXPENSES			
Expansion projects		1,738,398	1,738,398
Depreciation	228,209	255,119	483,328
Consulting engineer	105,871	30,995	136,866
Contract services	783	353,717	354,500
Meters	39,787		39,787
Utilities	117		117
Legal fees	5,635	2,635	8,270
Assessments	84,327		84,327
Audit fees	3,400	5,240	8,640
Repairs and maintenance	18,868	56,442	75,310
Supplies and postage	345	1,446	1,791
Miscellaneous	1,560	11,975	13,535
Wages and payroll taxes	<u>29,409</u>	<u>30,781</u>	<u>60,190</u>
Total operating expenses	<u>518,311</u>	<u>2,486,748</u>	<u>3,005,059</u>
Operating income (loss)	<u>(212,900)</u>	<u>(1,940,154)</u>	<u>(2,153,054)</u>
NON-OPERATING REVENUES AND (EXPENSES)			
Interest income - special assessments	429,911	131,419	561,330
Interest income - cash and cash equivalents	15,549	96,033	111,582
Amortization - bond fees	(6,995)	(838)	(7,833)
Rental and other income		50,028	50,028
Interest expense	<u>(359,148)</u>	<u>(240,665)</u>	<u>(599,813)</u>
Total non-operating revenues	<u>79,317</u>	<u>35,977</u>	<u>115,294</u>
Net income (loss)	(133,583)	(1,904,177)	(2,037,760)
RETAINED EARNINGS AT APRIL 1, 2004	<u>10,035,914</u>	<u>15,619,795</u>	<u>25,655,709</u>
RETAINED EARNINGS AT MARCH 31, 2005	<u>\$ 9,902,331</u>	<u>\$13,715,618</u>	<u>\$ 23,617,949</u>

HARTLAND TOWNSHIP  
COMBING STATEMENT OF CASH FLOWS  
ALL ENTERPRISE FUNDS  
FOR THE YEAR ENDED MARCH 31, 2005

	Water System Fund	Sewage Disposal System Fund	Totals
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>			
Cash from users	\$ 304,532	\$ 570,045	\$ 874,577
Cash paid to vendors	(264,891)	(2,193,775)	(2,458,666)
Cash paid to employees	(27,349)	(30,781)	(58,130)
Other cash payments	(275)		(275)
Other cash receipts	9,183	50,028	59,211
Cash received from other funds	<u>912</u>		<u>912</u>
Net cash from (used in) operating activities	<u>22,112</u>	<u>(1,604,483)</u>	<u>(1,582,371)</u>
<b>CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Construction costs to be reimbursed		(134,673)	(134,673)
Special assessment collections	502,382	445,119	947,501
Interest received on assessments	429,911	131,419	561,330
Repayment of principal on bonds	(450,000)	(593,380)	(1,043,380)
Interest paid on bonds	(367,588)	(240,665)	(608,253)
Bond fees paid		<u>(838)</u>	<u>(838)</u>
Net cash from (used in) capital and related financing activities	<u>114,705</u>	<u>(393,018)</u>	<u>(278,313)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	<u>15,549</u>	<u>124,726</u>	<u>140,275</u>
Net increase (decrease) in cash	152,366	(1,872,775)	(1,720,409)
CASH AND CASH EQUIVALENTS AT APRIL 1, 2004	<u>1,681,992</u>	<u>9,225,286</u>	<u>10,907,278</u>
CASH AND CASH EQUIVALENTS AT MARCH 31, 2005	<u>\$ 1,834,358</u>	<u>\$ 7,352,511</u>	<u>\$ 9,186,869</u>

INDIVIDUAL  
FUNDS

GENERAL  
FUND



HARTLAND TOWNSHIP  
GENERAL FUND  
BALANCE SHEET  
MARCH 31, 2005

ASSETS

ASSETS

Cash and investments	\$ 1,598,076
Taxes receivable	
Real	23,913
Personal	16,541
Accounts receivable - state shared revenues	112,895
Prepaid expenditures	1,680
Due from other funds	26,657
Due from county	<u>9,380</u>
Total assets	<u>\$ 1,789,142</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 145,951
Accrued payroll	10,966
Payroll taxes payable	3,287
Accrued compensated absences	15,125
Compliance reserves	<u>59,440</u>

Total liabilities \$ 234,769

FUND BALANCE 1,554,373

Total liabilities and fund balance \$ 1,789,142

HARTLAND TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 431,000	\$ 451,868	\$ 20,868
Licenses and permits	30,100	26,465	(3,635)
State shared revenues	760,000	725,028	(34,972)
Charges for services	190,300	222,922	32,622
Miscellaneous revenues	<u>52,500</u>	<u>54,352</u>	<u>1,852</u>
Total revenues	1,463,900	1,480,635	16,735
EXPENDITURES	<u>2,355,630</u>	<u>1,546,220</u>	<u>809,410</u>
Excess of revenues over (under) expenditures	(891,730)	(65,585)	826,145
OTHER FINANCING (USES)			
Transfers (out)	<u>(25,000)</u>	<u>(20,000)</u>	<u>5,000</u>
Excess of revenues over (under) expenditures and other financing (uses)	(916,730)	(85,585)	831,145
FUND BALANCE, APRIL 1, 2004	<u>1,639,958</u>	<u>1,639,958</u>	<u>          </u>
FUND BALANCE, MARCH 31, 2005	<u>\$ 723,228</u>	<u>\$ 1,554,373</u>	<u>\$ 831,145</u>

HARTLAND TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TAXES			
Current property taxes	<u>\$ 431,000</u>	<u>\$ 451,868</u>	<u>\$ 20,868</u>
LICENSES AND PERMITS			
Mobile home		1,967	
Dog licenses		1,013	
Land use		15,205	
Sign permits, licenses		<u>8,280</u>	
Total licenses and permits	<u>30,100</u>	<u>26,465</u>	<u>(3,635)</u>
STATE SHARED REVENUES	<u>760,000</u>	<u>725,028</u>	<u>(34,972)</u>
CHARGES FOR SERVICES			
Tax administration fee		172,756	
Zoning fees		32,192	
Tax collections fees		14,183	
Board of appeals		<u>3,791</u>	
Total charges for services	<u>190,300</u>	<u>222,922</u>	<u>32,622</u>
MISCELLANEOUS REVENUES			
Printed material		2,635	
Passport fees		810	
Interest on investments		38,469	
Reimbursements		1,511	
Miscellaneous		<u>10,927</u>	
Total miscellaneous revenues	<u>52,500</u>	<u>54,352</u>	<u>1,852</u>
Total revenues	<u>\$ 1,463,900</u>	<u>\$ 1,480,635</u>	<u>\$ 16,735</u>

HARTLAND TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>TOWNSHIP BOARD</b>			
Retirement	\$	\$ 7,049	\$
Trustee fee		19,220	
Supplies and postage		2,010	
Audit		8,100	
Legal		99,621	
Taxes - payroll		1,647	
Membership and dues		6,789	
Mileage		684	
Miscellaneous		1,298	
Bank charges		5,738	
Training		2,695	
Printing and publications		3,899	
Wages		2,331	
	<u>          </u>	<u>          </u>	<u>          </u>
Total township board	<u>160,000</u>	<u>161,081</u>	<u>(1,081)</u>
<b>SUPERVISOR</b>			
Supervisor salary		40,250	
Secretary salaries		26,293	
Taxes - payroll		5,038	
Supplies and postage		922	
Contracted labor		252	
Printing and publication		39	
Education		555	
	<u>          </u>	<u>          </u>	<u>          </u>
Total supervisor	<u>73,500</u>	<u>73,349</u>	<u>151</u>
<b>ELECTIONS</b>			
Wages and fees		21,666	
Taxes - payroll		544	
Supplies and postage		6,067	
Contracted services		4,879	
Miscellaneous		4,483	
	<u>          </u>	<u>          </u>	<u>          </u>
Total elections	<u>38,003</u>	<u>37,639</u>	<u>364</u>
<b>FINANCE DEPARTMENT</b>			
Salary		46,963	
Taxes - payroll		3,547	
Supplies		892	
Education		79	
	<u>          </u>	<u>          </u>	<u>          </u>
	<u>55,577</u>	<u>51,481</u>	<u>4,096</u>

HARTLAND TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
ASSESSOR			
Salaries and wages		99,226	
Taxes - payroll		8,086	
Supplies and postage		4,433	
Contracted services		2,760	
Printing and publications		77	
Membership and dues		551	
Tax preparation		888	
Mileage		54	
Education		1,333	
Capital outlay		<u>1,280</u>	
Total assessor	<u>136,213</u>	<u>118,688</u>	<u>17,525</u>
CLERK			
Clerk salary		40,250	
Other - clerical salary		27,436	
Taxes - payroll		5,167	
Supplies and postage		1,275	
Contracted services		48	
Printing and publications		77	
Mileage		779	
Membership and dues		205	
Education		1,658	
Capital outlay		<u>528</u>	
Total clerk	<u>82,717</u>	<u>77,423</u>	<u>5,294</u>
BOARD OF REVIEW			
Fees		1,610	
Taxes - payroll		123	
Miscellaneous		<u>100</u>	
Total board of review	<u>3,025</u>	<u>1,833</u>	<u>1,192</u>

HARTLAND TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TREASURER			
Treasurer salary		39,050	
Assistant wages		35,641	
Taxes - payroll		5,534	
Supplies and postage		1,721	
Tax statement preparation		7,780	
Mileage		571	
Membership and dues		320	
Education and training		1,964	
Miscellaneous		90	
	<u>102,850</u>	<u>92,671</u>	<u>10,179</u>
Total treasurer			
DATA PROCESSING			
Internet access		5,760	
Contracted services		5,355	
Repairs and maintenance		7,483	
Capital outlay		8,384	
Supplies		1,684	
	<u>49,050</u>	<u>28,666</u>	<u>20,384</u>
Total data processing			
TOWNSHIP HALL AND GROUNDS			
Contracted services		3,820	
Supplies		1,467	
Snow removal and mowing		6,841	
Contract cleaning		3,600	
Phase II		18,822	
Telephone		9,184	
Utilities			
Gas		1,570	
Electric		12,511	
Softener		655	
Repairs and maintenance		27,296	
Assessments		1,532	
Wages		2,802	
Payroll taxes		214	
Miscellaneous		591	
	<u>169,720</u>	<u>90,905</u>	<u>78,815</u>
Total township hall and grounds			

HARTLAND TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
UNALLOCATED			
Wages		40,589	
Retirement		10,664	
Office supplies and postage		4,304	
Mileage		426	
Insurance and bonds		45,605	
Printing and publications		529	
Service contracts		4,911	
Miss Dig		1,991	
Drains at large		19,225	
Repairs and maintenance		916	
	<u>190,060</u>	<u>129,160</u>	<u>60,900</u>
Total unallocated			
LAW ENFORCEMENT			
Livingston County Sheriff Contract		135,557	
Sub-station rental		1,800	
	<u>142,000</u>	<u>137,357</u>	<u>4,643</u>
Total law enforcement			
PLANNING AND ZONING			
Wages		171,532	
Taxes - payroll		12,493	
Supplies and postage		4,396	
Contract services		62,501	
Membership and dues		812	
Mileage		1,031	
Printing and publications		8,671	
Miscellaneous		547	
Education		2,913	
Capital outlay		3,995	
Consulting engineers		5,680	
Legal fees		23,789	
	<u>275,020</u>	<u>298,360</u>	<u>(23,340)</u>
Total planning and zoning			

HARTLAND TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
ZONING BOARD OF APPEALS			
Fees and wages		2,813	
Taxes - payroll		149	
Printing		1,164	
Miscellaneous		127	
Total zoning board of appeals	<u>8,360</u>	<u>4,253</u>	<u>4,107</u>
STREET LIGHTS	<u>15,000</u>	<u>12,471</u>	<u>2,529</u>
ROADS			
Improvements		143,393	
Chloride		57,991	
Total roads	<u>781,000</u>	<u>201,384</u>	<u>579,616</u>
DEPARTMENT OF PUBLIC WORKS	<u>535</u>		<u>535</u>
SENIOR CITIZENS	<u>18,000</u>	<u>18,000</u>	
PARKS & RECREATION	<u>50,500</u>	<u>7,160</u>	<u>43,340</u>
HISTORICAL PRESERVATION	<u>4,500</u>	<u>4,339</u>	<u>161</u>
Total expenditures	<u>\$ 2,355,630</u>	<u>\$ 1,546,220</u>	<u>\$ 809,410</u>



LIQUOR  
LAW  
ENFORCEMENT  
FUND

HARTLAND TOWNSHIP  
LIQUOR LAW ENFORCEMENT FUND  
BALANCE SHEET  
MARCH 31, 2005

ASSET

ASSET  
Cash

\$ 18,889

FUND BALANCE

FUND BALANCE

\$ 18,889

HARTLAND TOWNSHIP  
LIQUOR LAW ENFORCEMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Liquor license fees	\$	\$ 5,594	\$
Interest		216	
Total revenues	<u>5,474</u>	<u>5,810</u>	<u>336</u>
EXPENDITURES			
Inspection fees		1,830	
Taxes - payroll		141	
Total expenditures	<u>1,642</u>	<u>1,971</u>	<u>(329)</u>
Excess of revenues over expenditures	3,832	3,839	7
FUND BALANCE, APRIL 1, 2004	<u>15,050</u>	<u>15,050</u>	
FUND BALANCE, MARCH 31, 2005	<u>\$ 18,882</u>	<u>\$ 18,889</u>	<u>\$ 7</u>

FIRE  
OPERATING  
FUND

HARTLAND TOWNSHIP  
FIRE OPERATING FUND  
BALANCE SHEET  
MARCH 31, 2005

ASSETS

ASSETS

Cash	\$ 970,207
Taxes receivable - real and personal	62,168
Interest receivable	425
Due from fire authority	<u>428,167</u>
Total assets	<u>\$ 1,460,967</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 266
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FUND BALANCE

1,460,701

Total liabilities and fund balance	<u>\$ 1,460,967</u>
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HARTLAND TOWNSHIP  
FIRE OPERATING FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$	\$ 1,062,445	\$
Interest		6,981	
Fire runs		4,087	
Other revenue		<u>1,128</u>	
Total revenues	<u>876,615</u>	<u>1,074,641</u>	<u>198,026</u>
EXPENDITURES			
Audit fees		2,240	
Authority contributions		715,476	
Supplies		76	
Maintenance		2,135	
Legal fees		937	
Note payable – principal		84,885	
Note payable – interest		66,661	
Utility assessments		<u>1,531</u>	
Total expenditures	<u>847,341</u>	<u>873,941</u>	<u>(26,600)</u>
Excess of revenues over expenditures	29,274	200,700	171,426
FUND BALANCE, APRIL 1, 2004	<u>1,260,001</u>	<u>1,260,001</u>	
FUND BALANCE, MARCH 31, 2005	<u>\$ 1,289,275</u>	<u>\$ 1,460,701</u>	<u>\$ 171,426</u>

CABLE  
TELEVISION  
FUND

HARTLAND TOWNSHIP  
CABLE TELEVISION FUND  
BALANCE SHEET  
MARCH 31, 2005

ASSETS

ASSETS

Cash	\$ 264,378
Fees receivable	20,381
Interest receivable	<u>409</u>
Total assets	<u>\$ 285,168</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 5,050
Accrued payroll	2,996
Payroll taxes payable	<u>146</u>
Total liabilities	8,192

FUND BALANCE

	<u>276,976</u>
Total liabilities and fund balance	<u>\$ 285,168</u>



HARTLAND TOWNSHIP  
CABLE TELEVISION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Fees	\$	\$ 81,403	\$
Interest		4,740	
Miscellaneous		90	
Total revenues	<u>84,000</u>	<u>86,233</u>	<u>2,233</u>
EXPENDITURES			
Salaries		62,651	
Taxes – payroll		5,522	
Fees		9,640	
Legal fees		143	
Supplies – postage		312	
Supplies – operating		2,748	
Rent		10,000	
Membership and dues		225	
Repairs and maintenance		808	
Miscellaneous		175	
Education		595	
Telephone		639	
Printing and publications		78	
Contracted services		3,470	
Capital outlay		1,856	
Total expenditures	<u>146,815</u>	<u>98,862</u>	<u>47,953</u>
Excess of revenues over (under) expenditures	(62,815)	(12,629)	50,186
FUND BALANCE, APRIL 1, 2004	<u>289,605</u>	<u>289,605</u>	
FUND BALANCE, MARCH 31, 2005	<u>\$ 226,790</u>	<u>\$ 276,976</u>	<u>\$ 50,186</u>

CEMETERY  
FUND

HARTLAND TOWNSHIP  
CEMETERY FUND  
BALANCE SHEET  
MARCH 31, 2005

ASSETS

UNRESTRICTED ASSETS

Cash		\$ 8,606
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RESTRICTED ASSETS

Cash		
Crouse	\$ 36,793	
George T. Arthur Trust	51,747	
Perpetual care	<u>17,556</u>	

Total restricted assets		<u>106,096</u>
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Total assets		<u>\$ 114,702</u>
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LIABILITY AND FUND BALANCE

LIABILITY

Accounts payable		\$ 99
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FUND BALANCE

	<u>114,603</u>
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Total liabilities and fund balance		<u>\$ 114,702</u>
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HARTLAND TOWNSHIP  
CEMETERY FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$	\$ 1,394	\$
Sale of cemetery lots		<u>4,000</u>	
Total revenues	<u>3,200</u>	<u>5,394</u>	<u>2,194</u>
EXPENDITURES			
Legal fees		297	
Miscellaneous		122	
Maintenance of cemeteries		<u>19,002</u>	
Total expenditures	<u>30,200</u>	<u>19,421</u>	<u>10,779</u>
Excess of revenues over (under) expenditures	(27,000)	(14,027)	12,973
OTHER FINANCING SOURCES			
Transfers in	<u>25,000</u>	<u>20,000</u>	<u>(5,000)</u>
Excess of revenues over (under) expenditures and other financing sources	(2,000)	5,973	7,973
FUND BALANCE, APRIL 1, 2004	<u>108,630</u>	<u>108,630</u>	
FUND BALANCE, MARCH 31, 2005	<u>\$ 106,630</u>	<u>\$ 114,603</u>	<u>\$ 7,973</u>

CAPITAL IMPROVEMENT  
FUND

HARTLAND TOWNSHIP  
CAPITAL IMPROVEMENT FUND  
BALANCE SHEET  
MARCH 31, 2005

ASSETS

ASSETS  
Cash

\$ 708,530

FUND BALANCE

FUND BALANCE

\$ 708,530

HARTLAND TOWNSHIP  
CAPITAL IMPROVEMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$ 4,164	\$ 9,812	\$ 5,648
EXPENDITURES	<u>          </u>	<u>          </u>	<u>          </u>
Excess of revenues over expenditures	4,164	9,812	5,648
FUND BALANCE, APRIL 1, 2004	<u>698,718</u>	<u>698,718</u>	<u>          </u>
FUND BALANCE, MARCH 31, 2005	<u>\$ 702,882</u>	<u>\$ 708,530</u>	<u>\$ 5,648</u>

TOWNSHIP  
IMPROVEMENT  
REVOLVING  
FUND



HARTLAND TOWNSHIP  
TOWNSHIP IMPROVEMENT REVOLVING FUND  
BALANCE SHEET  
MARCH 31, 2005

ASSET

ASSETS  
Cash

\$ 945,273

FUND BALANCE

FUND BALANCE

\$ 945,273

HARTLAND TOWNSHIP  
TOWNSHIP IMPROVEMENT REVOLVING FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$	\$ 15,349	\$ 15,349
EXPENDITURES			
Excess of revenues over expenditures		15,349	15,349
FUND BALANCE, APRIL 1, 2004	<u>929,924</u>	<u>929,924</u>	
FUND BALANCE, MARCH 31, 2005	<u>\$ 929,924</u>	<u>\$ 945,273</u>	<u>\$ 15,349</u>

WATER  
SYSTEM  
FUND

HARTLAND TOWNSHIP  
WATER SYSTEM FUND  
BALANCE SHEET  
MARCH 31, 2005

ASSETS

CURRENT ASSETS

Cash	\$ 703,570	
Accounts receivable - billings	50,580	
Inventory	<u>31,117</u>	
Total current assets		\$ 785,267

RESTRICTED ASSETS

Cash	1,130,788	
Special assessment receivable - deferred	7,160,631	
Bond fees - net of amortization	<u>109,200</u>	
Total restricted assets		8,400,619

PROPERTY, PLANT AND EQUIPMENT

Land	300,000	
Equipment	2,586	
Water system	<u>9,107,681</u>	
	9,410,267	
Less accumulated depreciation	<u>(689,729)</u>	
Net property, plant and equipment		<u>8,720,538</u>
Total assets		<u>\$ 17,906,424</u>

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 22,659
Accrued interest payable	148,940
Due to other funds	<u>7,494</u>

Total current liabilities \$ 179,093

CURRENT LIABILITIES (from restricted assets)

Current portion of long term debt - bonds payable 450,000

LONG-TERM LIABILITIES (from restricted assets)

Bonds payable after one year 7,375,000

Total liabilities 8,004,093

FUND EQUITY

Retained earnings 9,902,331

Total liabilities and fund equity \$ 17,906,424

HARTLAND TOWNSHIP  
WATER SYSTEM FUND  
STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2005

OPERATING REVENUES

User charges	\$ 166,234
Meter sales	47,710
Connection charges	82,284
Reimbursements	<u>9,183</u>

Total operating revenues \$ 305,411

OPERATING EXPENSES

Depreciation	228,209
Contracted services	783
Engineering services	105,871
Legal fees	5,635
Assessments	84,327
Audit fees	3,400
Repair and maintenance	18,868
Payroll taxes	2,060
Utilities	117
Meters	39,787
Supplies and postage	345
Miscellaneous	1,560
Wages	<u>27,349</u>

Total operating expenses 518,311

Operating (loss) (212,900)

NON-OPERATING REVENUES (EXPENSES)

Interest income - special assessments	429,911
Interest income - cash	15,549
Interest expense	(359,148)
Amortization- bond fees	(6,720)
Other (expenses)	<u>(275)</u>

Total non-operating revenues 79,317

Net (loss) \$ (133,583)

HARTLAND TOWNSHIP  
WATER SYSTEM FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2005

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES

Cash from users	\$ 304,532
Cash paid to vendors	(264,891)
Cash paid to employees	(27,349)
Other cash payments	(275)
Other cash receipts	9,183
Cash received from other funds	<u>912</u>

Net cash from operating activities \$ 22,112

CASH FLOWS FROM (USED IN) CAPITAL AND RELATED  
FINANCING ACTIVITIES

Special assessment collections	502,382
Interest received on assessments	429,911
Repayment of principal on bonds	(450,000)
Interest paid on bonds	<u>(367,588)</u>

Net cash from capital and related  
financing activities 114,705

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>15,549</u>
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Net increase in cash and cash equivalents 152,366

CASH AND CASH EQUIVALENTS AT APRIL 1, 2004	<u>1,681,992</u>
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CASH AND CASH EQUIVALENTS AT MARCH 31, 2005	<u><u>\$ 1,834,358</u></u>
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RECONCILIATION OF OPERATING (LOSS) TO NET CASH  
PROVIDED FROM OPERATING ACTIVITIES

Operating (loss)	\$ (212,900)
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Adjustments to reconcile operating (loss) to net cash  
provided by operating activities

Depreciation	\$ 228,209
Other expenses	(275)

Changes in asset and liabilities:

Decrease in accounts receivable	8,304
Decrease in due from other funds	912
(Increase) in inventory	(11,009)
Increase in accounts payable	1,413
Increase in due to other funds	<u>7,458</u>

Total adjustments 235,012

Net cash provided from operating activities \$ 22,112

SEWAGE  
DISPOSAL  
SYSTEM  
FUND



HARTLAND TOWNSHIP  
SEWAGE DISPOSAL SYSTEM FUND  
BALANCE SHEET  
MARCH 31, 2005

ASSETS

CURRENT ASSETS

Cash	\$	544,705	
Accounts receivable - billings		161,311	
Accounts receivable - project costs		523,349	
Interest receivable		<u>576</u>	
Total current assets			\$ 1,229,941

RESTRICTED ASSETS

Cash		6,807,806	
Special assessment receivable		<u>4,218,296</u>	
Total restricted assets			11,026,102

PROPERTY, PLANT AND EQUIPMENT

Land		1,247,230	
Sewer system		<u>12,496,284</u>	
		13,743,514	
Less accumulated depreciation		<u>(2,401,151)</u>	
Net property, plant and equipment			<u>11,342,363</u>

Total assets			<u>\$ 23,598,406</u>
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## LIABILITIES AND FUND EQUITY

### CURRENT LIABILITIES

Accounts payable	\$ 108,827	
Current portion of long-term debt - land contract payable	<u>44,190</u>	
Total current liabilities		\$ 153,017

### CURRENT LIABILITIES (from restricted assets)

Current portion of long term debt - Contract payable - Livingston County Drain Commission - ineligible costs	20,000	
Contract payable - Livingston Country Drain Commission - sewer expansion and branches	<u>425,000</u>	
Total current liabilities (from restricted assets)		445,000

### LONG-TERM LIABILITIES (from restricted assets)

Bond anticipation notes payable	4,350,000	
Contract payable - Livingston County Drain Commission - ineligible costs	215,000	
Contract payable - Livingston County Drain Commission - sewer expansion and branches	<u>4,410,441</u>	
Total long-term liabilities (from restricted assets)		8,975,441

### LONG-TERM LIABILITIES

Land contract payable	<u>309,330</u>	
Total liabilities		9,882,788

### FUND EQUITY

Retained earnings	<u>13,715,618</u>	
Total liabilities and fund equity		<u>\$ 23,598,406</u>

HARTLAND TOWNSHIP  
SEWAGE DISPOSAL SYSTEM FUND  
STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2005

OPERATING REVENUES

User charges	\$	500,878
Connection charges		<u>45,716</u>

Total operating revenues		\$ 546,594
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OPERATING EXPENSES

Administrative		8,343
Audit fees		5,240
Consulting engineer		30,995
Contract services		353,717
Depreciation		255,119
Expansion project - county		1,738,398
Legal fees		2,635
Miscellaneous		3,632
Repair and maintenance		56,442
Supplies and postage		1,446
Salary and payroll taxes		<u>30,781</u>

Total operating expenses		<u>2,486,748</u>
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Operating (loss)		(1,940,154)
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NON-OPERATING REVENUES (EXPENSES)

Interest income - special assessments		131,419
Interest income - cash		96,033
Bond fees		(838)
Rental income		49,800
Interest expense		(240,665)
Other revenues		<u>228</u>

Total non-operating revenues (expenses)		<u>35,977</u>
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Net (loss)		<u>\$ (1,904,177)</u>
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HARTLAND TOWNSHIP  
SEWAGE DISPOSAL SYSTEM FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2005

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES

Cash from users	\$ 570,045
Cash paid to vendors	(2,193,775)
Cash paid to employees	(30,781)
Cash received for rents	49,800
Other receipts	<u>228</u>

Net cash (used in) operating activities \$ (1,604,483)

CASH FLOWS FROM (USED IN) CAPITAL AND RELATED  
FINANCING ACTIVITIES

Special assessment collections	445,119
Interest received on assessments	131,419
Repayment of principal on bonds and land contracts	(593,380)
Interest paid on bonds	(240,665)
Bond fees paid	(838)
Construction costs to be reimbursed	<u>(134,673)</u>

Net cash (used in) capital and related  
financing activities (393,018)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>124,726</u>
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Net (decrease) in cash and cash equivalents (1,872,775)

CASH AND CASH EQUIVALENTS AT APRIL 1, 2004 9,225,286

CASH AND CASH EQUIVALENTS AT MARCH 31, 2005 \$ 7,352,511

RECONCILIATION OF OPERATING (LOSS) TO NET CASH  
(USED IN) OPERATING ACTIVITIES

Operating (loss)	<span style="float: right;">\$ (1,940,154)</span>
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:	
Depreciation	\$ 255,119
Miscellaneous income	50,028
Changes in assets and liabilities:	
Decrease in accounts receivable – billings	23,451
Increase in accounts payable	<u>7,073</u>

Total adjustments 335,671

Net cash (used in) operating activities \$ (1,604,483)

CURRENT  
TAX  
COLLECTION  
FUND

HARTLAND TOWNSHIP  
CURRENT TAX COLLECTION FUND  
BALANCE SHEET  
MARCH 31, 2005

ASSETS

ASSETS  
Cash

\$ 15,628

LIABILITIES

LIABILITIES  
Due to general fund

\$ 15,628

TRUST  
AND  
AGENCY  
FUND

HARTLAND TOWNSHIP  
TRUST AND AGENCY FUND  
BALANCE SHEET  
MARCH 31, 2005

ASSETS

ASSETS  
Cash

\$ 202,721

LIABILITIES

LIABILITIES  
Due to general fund  
Deposits – escrow

\$ 3,535  
199,186

Total liabilities

\$ 202,721



HARTLAND TOWNSHIP

COMMENTS  
AND  
RECOMMENDATIONS

FOR THE YEAR ENDED MARCH 31, 2005



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**PFEFFER ■ HANNIFORD ■ PALKA**

*Certified Public Accountants*

**John M. Pfeffer, C.P.A.**  
**Patrick M. Hanniford, C.P.A.**  
**Kenneth J. Palka, C.P.A.**

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June 22, 2005

Board of Trustees  
Hartland Township  
3191 Hartland Road  
Hartland, Michigan 48353

Honorable Board of Trustees:

In planning and performing our audit of the general purpose financial statements of Hartland Township for the year ended March 31, 2005, we considered the Township's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. Those matters are as follows:

1. COMMENT

Amounts held in Trust and Agency Fund were not reconciled to the general ledger. Individual escrow accounts held for developers were not being maintained regularly. Charges to individual escrow accounts exceeded deposits by the developers in several escrow accounts.

RECOMMENDATION

Monies in this fund must be reconciled regularly to reflect balances held by developers for various projects. This fund should be reconciled to the general ledger on a monthly basis. Charges to developer escrow accounts (projects) should not exceed deposits.

2. COMMENT

Special assessment activity was not reconciled to the general ledger.

RECOMMENDATION

The detailed special assessment balances should be reconciled regularly to the general ledger by the accountant.

3. COMMENT

Accounts receivable, utility billings and water usage could not be reconciled to the general ledger.

RECOMMENDATION

Detailed billing registers and outstanding balance reports need to be maintained and periodically reconciled to the general ledger. The accountant should reconcile usage with billings on a regular basis, and identify sales of consumption in excess of billings.

4. COMMENT

For the year ended March 31, 2005, we found instances where expenditures exceeded budget appropriations.

RECOMMENDATION

Before an actual expenditure exceeds the appropriated budget, the budget should be amended.

5. COMMENT

Amounts were charged to the Township's credit account with a local vendor by a non-employee and monies expended without prior board approval.

RECOMMENDATION

The Township should contact all vendors that extend credit to the Township and identify authorized employees that can place orders.

This letter does not affect our report dated June 22, 2005 on the general purpose financial statements of Hartland Township.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and recommendations with various township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the Board of Trustees, and management of Hartland Township.

*Pfeffer, Hanniford & Palka, P.C.*

PFEFFER, HANNIFORD & PALKA  
Certified Public Accountants